

**GOVERNMENT OF TELANGANA
ABSTRACT**

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Borrowing of loan of Rs.367.00 crores from Canara Bank for providing financial assistance to Intra Village infrastructure development under two segments viz, PALAIR and Lower Manair Dam (LMD) Segments with total project cost of Rs.459.25 Crores - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.Rt.No. 705

**Dated: 18-11-2017
Read the following:-**

1. G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept., dt.15.05.2015.
2. From the Assistant General Manager, Canara bank, Industrial Finance Branch, Hyderabad, dt:3.10.2017.
3. From the ENC, RWS&S, Hyderabad, Lr.No.A2/TDWSP/Canara Bank/Intra Village/1118/2017, Dated.12.10.2017.
4. G.O.Rt.No.665, PR&RD (RWS.IV) Dept., Dated.28.10.2017.

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 3rd read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to the Canara Bank for providing financial assistance to Intra Village infrastructure development under two segments viz, PALAIR and Lower Manair Dam (LMD) Segments for sanction of loan amount of Rs.367.00 crores out of the total project cost of Rs.459.25 crores. He has also stated that the Canara Bank, Hyderabad has forwarded the loan sanction letter for implementation of the above segment for an amount of Rs.367.00 crores along with terms and conditions for acceptance of the competent authority. As such, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above segment and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with Canara Bank.

3. In the reference 4th read above, Government have issued orders according permission to the Managing Director, Telangana Drinking Water Supply Corporation Limited to take further loan of an amount of Rs.6,365.22. crores (including the Vijaya Bank of Rs.367.41 crores out of the total project cost of Rs.459.26 crore) as against the total project cost of Rs.7,956.52 crores duly extending the Govt. guarantee and providing required margin money of Rs.1591.30 crores through budgetary support.

4. In pursuance of the orders issued in the ref 4th read above, Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation Limited to borrow the loan amount of Rs.367.00 Crores (Rupees Three hundred and Sixty Seven crores only) from Canara Bank for providing financial assistance to Intra Village infrastructure development under two segments viz, PALAIR and Lower Manair Dam (LMD) Segments with total project cost of Rs. 459.25 Crores, as per the terms and conditions of Canara Bank at the rate of interest (1 year MCLR (8.30%) + 0.85% + 0.85% (LP) i.e., 10.00% p.a. (fixed) till 31.03.2020 and reset of interest on 01.04.2020 and every year thereafter. Govt. of Telangana will stand as guarantee for the repayment of loan taken from Canara Bank covering principle and interest, and provide State margin money (i.e., 20% of the project) of Rs. 92.25 crores through budgetary support. The terms and Conditions approved by the Govt., are appended as annexure to this order.

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5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

5. The Managing Director, Telangana Drinking Water Supply Corporation Ltd. shall take necessary action in the matter accordingly.

6. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.13139/176/A1/DCM/2017, dated: 08.11.2017.

7. This order is available on online and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS)(FAC)

To
The Managing Director, Telangana Drinking Water Supply Corporation Ltd., Hyderabad.
The Director of Treasuries and Accounts, Telangana State, Hyderabad.
The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Secretary to Hon'ble Chief Minister,
The Finance (DCM) Department.
The PS to Special Chief Secretary, (RWS)
The Engineer -in-Chief, RWS&S, Hyderabad.
The Punjab National Bank, Hyderabad through ENC, RWS&S, Hyd
The Advisor to Govt., RWS&S.,
SC/SF.

//FORWARDED: BY ORDER//

SECTION OFFICER

(Contd. To ANNEXURE)

ANNEXURE to the G.O.Rt.No. 705 , PR&RD (RWS.IV) Dept., Dated.18.11.2017

The terms and conditions approved by the Government:-

Nature of Limit	Term Loan - III																										
Limit	Rs.367.00 Crore (Rupees Three Hundred and Sixty Seven Crore only)																										
Purpose	For meeting intra village infrastructure development under two segments viz, Palair and Lower Manair Dam Segments at an estimated cost of Rs. 459.25 Crore.																										
Margin	20% (Rs. 92.25 Crore)																										
Applicable ROI	1 year MCLR (8.30%) + 6% + 0.85% p.a (LP) {for Moderate Risk rated – Grade V accounts }.																										
Rate of Interest Permitted	1 year MCLR (8.30%) + 0.85% + 0.85% (LP) i.e., 10.00% p.a. (fixed) till 31.03.2020 and reset of interest on 01.04.2020 and every year thereafter, subject to the condition that RoI shall not be below the 1 Year MCLR at any point of time, and if 1 Year MCLR is above 10.00% then the prevailing MCLR shall be applicable during such period with monthly rests. Interest to be serviced as and when due.																										
Upfront Fee	0.075% of term loan(in line with Andhra Bank)																										
Documentation Charges	Rs 50000+GST																										
Reset of ROI	On 01.04.2020 and every year thereafter																										
Security	As para IV																										
Disbursement	1.Expenditure estimates shall be submitted by the Corporation based on which Branch shall release 80% of the estimated expenditure. 2.After the payment / pass memo is issued by the Finance Department, the share of Government (ie, 20% margin) would be released and the Corporation shall incur the expenditure. 3. CA Certificate of the expenditure incurred out of the term loan availed earlier, shall be submitted by the Corporation before approaching for subsequent disbursement.																										
Tennure	14 Years and 6 Months																										
SCOD	31.03.2019																										
Moratorium	Nil																										
Repayment	To be repaid in 48 quarterly installments commencing from June, 2019 as under : <div style="text-align: right;">(Amount Rs. in Crore)</div> <table><tr><th>Year</th><th>No. of Installments</th><th>Installment Amount</th><th>Total</th></tr><tr><td>2019-20</td><td>4</td><td>3.68</td><td>14.72</td></tr><tr><td>2020-22</td><td>8</td><td>4.59</td><td>36.72</td></tr><tr><td>2022-24</td><td>8</td><td>7.35</td><td>58.80</td></tr><tr><td>2024-31</td><td>28</td><td>9.17</td><td>256.76</td></tr><tr><td>TOTAL</td><td>48</td><td></td><td>367.00</td></tr></table> Interest and other charges to be paid as when due i.e., monthly.			Year	No. of Installments	Installment Amount	Total	2019-20	4	3.68	14.72	2020-22	8	4.59	36.72	2022-24	8	7.35	58.80	2024-31	28	9.17	256.76	TOTAL	48		367.00
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TOTAL	48		367.00																								

Other Conditions:

1. State Government shall approve the proposed borrowings of Rs. 367.00 Crore, extending Government guarantee along with approval for infusion of 20% of project cost ie, Rs. 92.25 Crore as their margin.
2. Term Loan shall be released only after ensuring that margin of 20% is duly infused by the Corporation.
3. The Corporation shall undertake to service the bank loans from the project revenues.
4. The Corporation shall obtain all statutory and non statutory clearances, including approvals from Central Government agencies, required for implementation of the project before disbursement.

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5. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings due to reduction in duties / other taxes, price negotiations or otherwise, there would be a prorata reduction in all components of means of finance, duly maintaining the funding ratio of 80:20.
6. The Corporation shall undertake that in case of any cost overrun in the project cost, the same would be met by the Corporation without any recourse to the Banks for additional loans.
7. The Corporation shall submit a Letter of Commitment / Government Order from the Finance Department, Govt. of Telangana for contributing 20% of the project cost as margin and continue the same till the entire outstanding under the term loans is cleared.
8. The Corporation shall submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.

II. (a) Pre- Disbursement Conditions :

1. Corporation shall submit an Undertaking Letter not to divert the Bank Borrowings to invest by way of share capital in or lend or advance funds to or place deposits with any associate / allied / sister / any other concerns.
2. **Required loan documents are to be executed in the formats prescribed by the bank.**
3. The Corporation shall submit resolution of under Sec 180 (1) (c) of the Companies Act, 2013 fixing its borrowal limits and Certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such Limit.
4. State Government shall approve for the proposed borrowing of Rs.367 Crore, extending Irrevocable and unconditional government Guarantee along with approval of 20% of project cost i.e. Rs.92.25 Crore as their margin before disbursement of Term Loan.
5. Corporation shall provide all Statutory and non Statutory clearances required for implementation of the Project including environment clearances, approval from Central Government / State Government agencies before disbursement and in force.
6. Corporation to submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the Project.
7. Corporation to submit an undertaking to the effect that there are no interstate disputes that affect the progress / implementation of the Project.
8. Corporation to provide Letter of Commitment / Government Order from the Finance Department, government of Telangana for contributing to 20% of the project cost as margin.
9. If the amount of Interest during Construction (IDC) increases due to difference in actual draw down schedule, the same shall be met by the Corporation and if the IDC decreases, the loan amount will be reduced proportionately. An undertaking to this effect shall be submitted.
10. Corporation to submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the Project.
11. Corporation to submit an undertaking to the effect that there are no interstate disputes that affect the progress / implementation of the Project.

II. (b). Permitted to continue the following ST Limits (RTLs – Permitted vide orders of MC of the Board dt. 25.10.2016) on the existing terms and conditions :

(Rs. in Crore)					
Nature of Limit	Limit	Liability as on 30.09.2017	ROI (Actual)	ROI (Applicable)	Residual Tenor
RTL - I	1360.00	1099.99	1 Year MCLR (9.35%) + 0.65% i.e. 10.00% p.a (fixed) till 31.03.2020 with annual Reset	1 Year MCLR (9.35%) + 6.00% + 0.85% (LP)	@
RTL - II	1068.00				

@ 1. Date of DCCO : 31.03.2019.

2. Repayment to commence from : June, 2019.

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III. Other Permissions:
Permitted the following:

1. Waiver of obtention of segment wise detailed Project Report, Revenue stream, Project financials and to accept the details for the project as a whole.
2. Waiver of Personal Guarantee of all the Directors (as all the Directors are nominated / appointed by the Government of Telangana and theses Directors have no stake in the Corporation).
3. Waiver of obtention of External Rating, since this is a mega Green-field, Social service and State Government – Guaranteed Project.

IV. SECURITIES :
a) PRIMARY:

(i) For Existing Term Loans (I & II) :

(Rs. in Crore)					
	Description	Value	Our Share	Source and date	Nature of Charge
Term Loan : I & II	Project Assets relating to Palair Segment & LMD Manakondur Segment.	Term Loan disbursement amount i.e. Rs. 2428 Crore + applicable margin i.e. Rs. 607 Cr = Rs. 3035 Crore	1 st charge on Project Assets created out of our Term Loan	---	Hypothecation

(ii) For Term Loan III (permitted now) :

(Rs. in Crore)					
	Description	Value	Our Share	Source and date	Nature of Charge
Term Loan: III	Project Assets relating to Palair Segment & LMD Manakondur Segment.	Term Loan disbursement amount i.e. Rs. 367 Crore + applicable margin i.e. Rs. 92.25 Cr = Rs. 459.25 Crore	1 st charge on Project Assets created out of our Term Loan	---	Hypothecation

b) COLLATERAL: -- NIL --

c) Personal Guarantee: -- NIL –

d) Corporate Guarantee:

Unconditional & Irrevocable Guarantee of State Government of Telangana.

V. SPECIFIC CONDITIONS OF SANCTIONING AUTHORITY:

1. State Government shall approve for the proposed borrowing of Rs. 367.00 Crore, extending Irrevocable and unconditional government Guarantee along with approval of 20% of project cost i.e. Rs. 92.25 Crore as their margin before disbursement of Term Loan.
2. Our Rate of Interest shall not be less than that of other Lenders of the Project.
3. Inspection / verification / valuation of assets / securities charges to the Bank shall be got periodically carried out.
4. Corporation to submit latest financials of M/s. Telangana Drinking Water Supply Corporation Ltd (TDWSCL).
5. Servicing of the Bank Loan by the Corporation is to be made out of Project revenue.
6. Corporation to submit all Statutory and non Statutory clearances required for implementation of the Project including environment clearances, approval from Central Government / State Government agencies before disbursement and in force.
7. Corporation to note that in the event of reduction in the Project cost on account of any savings on account of duties / other taxes, price negotiations or otherwise there would be prorata reduction in all components of means of finance.
8. Corporation to note that, in any case of any cost overrun in the Project cost, the same would be met by the Corporation without recourse to the Project Lenders.

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9. Corporation to pay all the actual legal expenses incurred by Bank for documentation, filing of Charges, Search Report etc.
10. Corporation to note that necessary land is acquired for smooth implementation of the project.
11. Corporation to submit PIPR as and when called for.
12. Corporation to submit suitable indemnity/risk letter regarding waiver of insurance cover of project Assets.

GENERAL TERMS & CONDITIONS:

1. Limits if not availed within 6 months shall stand cancelled unless specific permission is obtained for extension of validity of this sanction
2. The Bank may revoke in part or in full or withdraw / stop financial assistance, at any stage by giving reasonable notice to the borrower.
3. Charge on current/ fixed asset should be created/modified within 30 days from the date of execution of the loan documents and extract of the register of charges should be produced to the bank within 45 days from the date of execution of loan documents.
4. Non-compliance of any of the sanction Terms/Conditions will attract penal interest @ 2% over and above applicable ROI.
5. The Bank may revoke in part or in full or withdraw / stop financial assistance at any stage without any notice or giving any reasons for any purpose whatsoever.
6. This sanction does not vest in any one right to claim any damages against the Bank for any reasons whatsoever. Notwithstanding anything contained hereinabove, the Bank at any time reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice :
 - a. In case the limits/part of the limits are not utilized by you and/or;
 - b. In case deterioration in the loan accounts in any manner whatsoever and/or;
 - c. In case of non-compliance of sanction terms and conditions of the sanction.
7. Please retransmit the duplicate of this communication duly signed in token of acceptance of the credit facilities sanctioned on the terms and conditions stipulated herein.

S.P. SINGH
CHIEF SECRETARY TO GOVERNMENT &
SPECIAL CHIEF SECRETARY TO GOVERNMENT (RWS)(FAC)

SECTION OFFICER